

# MARYLAND FORWARD

Moving Maryland Forward:  
Making the New Economy Ours



## Without fiscal discipline no forward progress is possible

- ▶ **\$6.8 billion cuts in state spending**
- ▶ **1 penny sales tax increase**
- ▶ **Triple A Bond Rating (1 of only 8 states)**

*"The stable outlook reflects our view of Maryland's economic strength and historically strong financial and debt management policies,... the state has proactively responded to the recent budget structural imbalance "*

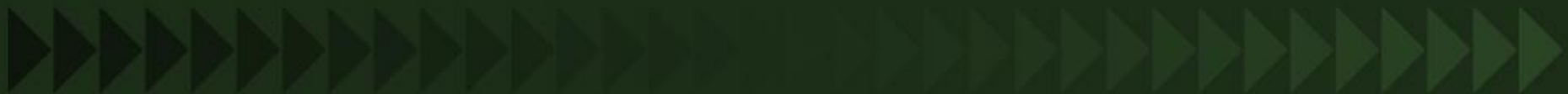
**- Standard and Poors, upon affirming Maryland's AAA Bond Rating**





## In Times of Adversity We Don't Make Excuses, We Make Progress

- ▲ **Public Education:** *Education Week* magazine ranks Maryland schools #1 three years in a row.
- ▲ **Public Safety:** Lowest violent crime since 1975
- ▲ **Affordable College:** Four years in a row with zero increase in college tuition (only state in America)
- ▲ **Health Care:** Health Care for 262,000 previous uninsured Marylanders including 122,000 children



# Global Competition

- ▶ While China is investing 9% of its GDP in infrastructure and India is investing 5%, America is investing less than 2%.
- ▶ Infrastructure spending in real dollars in the U.S. is about the same now as it was in 1968, when the economy was a third smaller.
- ▶ A \$77.7 billion investment is needed to get our country's rail system into working shape – but we spent less than \$13 billion to rehabilitate public transit nationwide in 2008 (FTA)
- ▶ The American Society of Civil Engineers gave America's infrastructure a failing grade of D in a 2009 report. Twenty-six percent of the U.S.'s bridges are structurally deficient or functionally obsolete
- ▶ According to a study by Moody's Economy.com, an increase in infrastructure spending of \$1 increases GDP by about \$1.59.





*“The long-term concern is that people intuitively understand that what we need most now is nation-building in America. They understand it by just looking around at our crumbling infrastructure, our sputtering job-creation engines and the latest international education test results that show our peers out-educating us, which means they will eventually out-compete us.”*

**— Thomas Friedman**





# Where are we going?





# Creating Jobs in the New Economy through Innovation & Leadership

- ▶ Expanding **OPPORTUNITY**
- ▶ Advancing Public Safety & Homeland **SECURITY**
- ▶ Advancing Environmental **SUSTAINABILITY**
- ▶ Advancing the **HEALTH** of our People

***“...Progress on one of these fronts requires progress on all,....”***

**ALL THIS DEPENDS  
ON...**



**INFRASTRUCTURE**

## **Challenges: Budget Transfers**

- ▶ **Faced with some of the most dire budget challenges in a generation, we have tapped funds from the Transportation Trust Fund (TTF) to balance the budget.**
- ▶ **In far easier times, the previous administration also transferred hundreds of millions from the TTF to balance the budget.**
- ▶ **Over the past three decades, every administration has transferred funds out of the TTF.**
- ▶ **We have begun to take steps to restore TTF funding. This year's budget adds nearly \$100 million a year in funding to the TTF by FY 2014.**



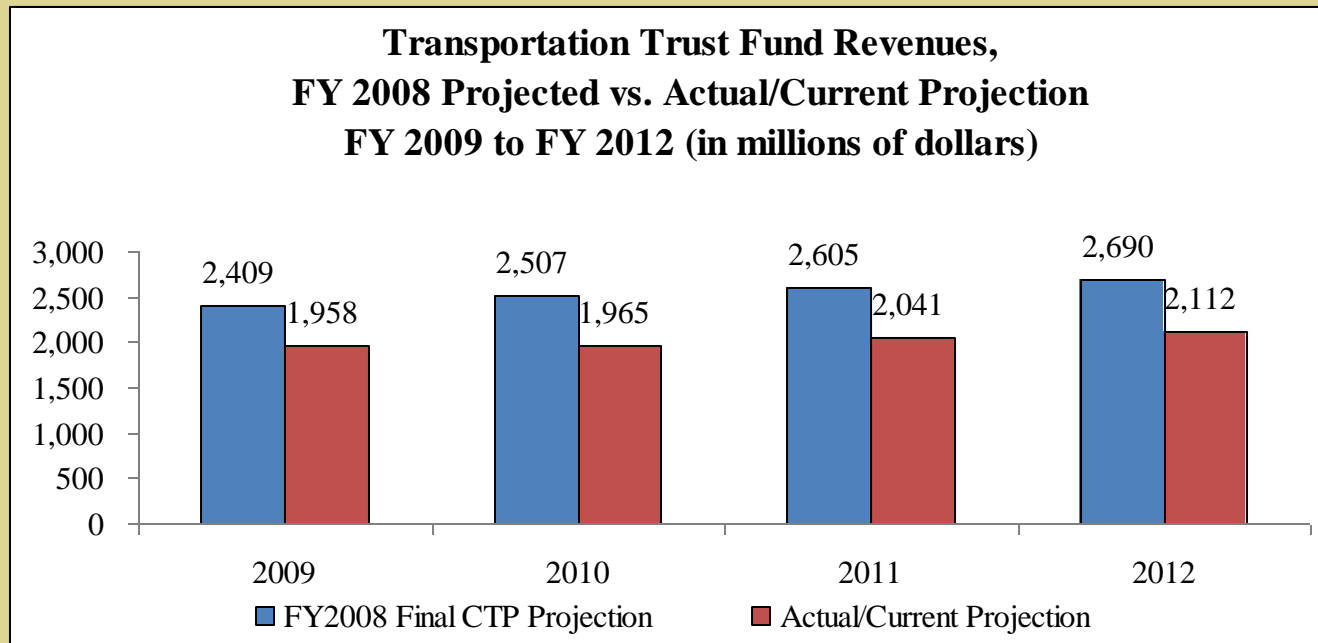
## **Challenges: Revenue**

- ▶ **2007 Special Session**
  - ▲ Secured passage of legislation to provide \$400 million a year in additional funding to the TTF.
  - ▲ Anticipated new revenue allowed \$1.7 billion in projects to be added to the capital program.
  - ▲ National recession began the month after the special session concluded, dramatically reducing anticipated revenues.
- ▶ Over the following four years, TTF revenues are \$2 billion lower than projected, due primarily to the recession. The State deferred \$2 billion in transportation projects.
- ▶ ARRA and other federal grants supported \$600 million in transportation project funding, making up less than a third of the \$2 billion shortfall, but ARRA funding is only temporary.



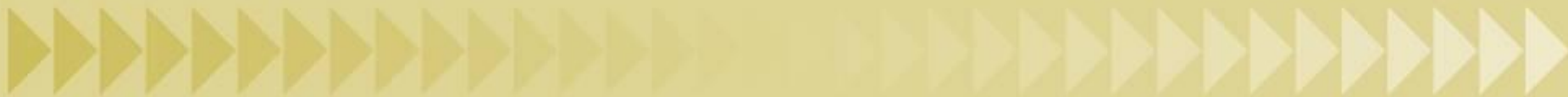
# Challenges: Revenue

**Between FY 09 and FY 12, TTF revenue is falling short of FY 08 projections by over \$500 million a year, for a total shortfall of \$2.1 billion.**



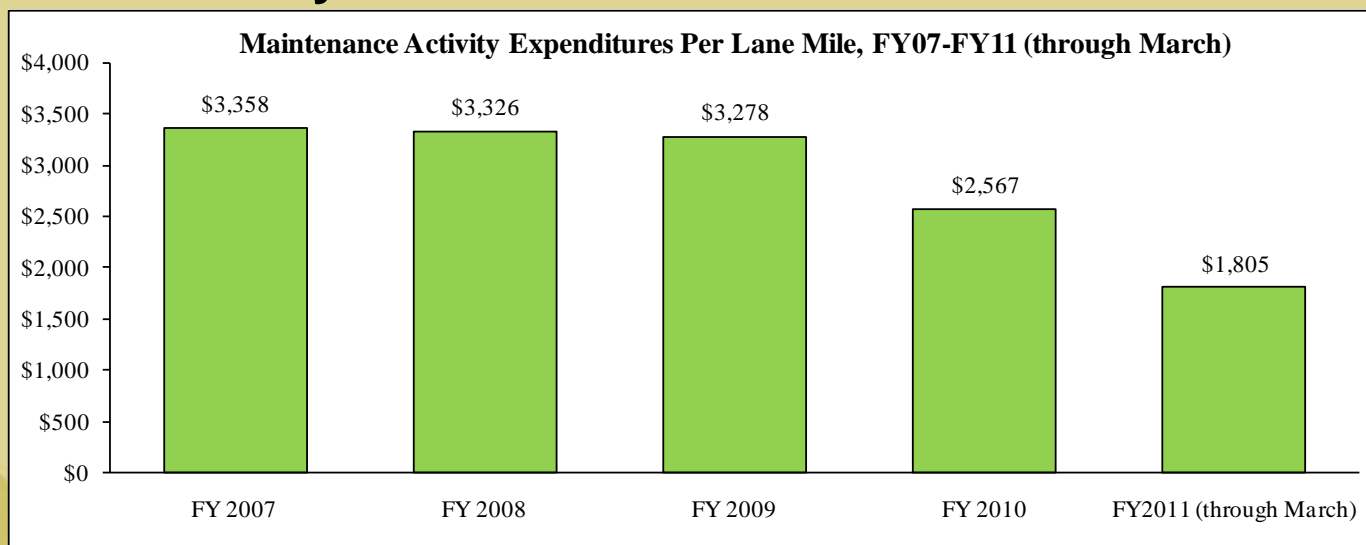
## **Challenges: Revenue**

- ▶ **As Marylanders change their travel habits, traditional transportation revenue sources are becoming less reliable.**
  - ▲ **Total Vehicle Miles traveled in Maryland have declined over the past three years, and more Marylanders are telecommuting and driving fuel-efficient hybrid vehicles. Gas tax revenue is now falling short of FY 08 expectations by \$80 million a year.**
  - ▲ **As Marylanders buy new cars less frequently (new vehicle sales have declined by 36% since FY 2006), vehicle excise tax revenues have fallen by nearly 25%. Vehicle registration fee revenue has also fallen over that period.**



# Challenges: Current Infrastructure

- ▶ Maryland has been able to reduce its number of structurally deficient bridges by 28% since 2002, but 107 bridges remain deficient and in need of upgrades.
- ▶ The State maintains 17,000 miles of highway, but the recession has forced the State to alter and reduce maintenance resources. Maintenance activity expenditures per lane mile were reduced by 22% in FY 10.





# Strategies

## ► Promoting Transit

- ▲ Advancing the Red and Purple Lines.
- ▲ Encouraging transit-oriented development.
- ▲ Set goal of doubling transit ridership by 2020.

**For every \$1 billion in infrastructure projects, approximately 28,700 jobs are created.**

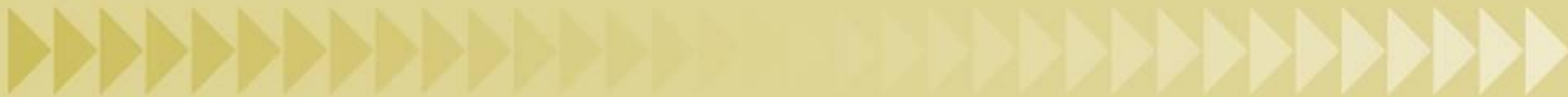
## ► Funding critical road improvements and construction

- ▲ Preserved funding for important road improvements despite budget constraints.
- ▲ Completing the Intercounty Connector.



## **► Increasing Transportation Funding**

- ▲ FY 2011 budget provides for selected motor vehicle fee increases, generating \$70 million a year, and repayment of the \$100 million transfer from the Transportation Trust Fund.**
- ▲ Local governments will receive an additional \$13.3 million in highway user revenues.**
- ▲ MDTA is studying proposed changes to the State's toll structures.**

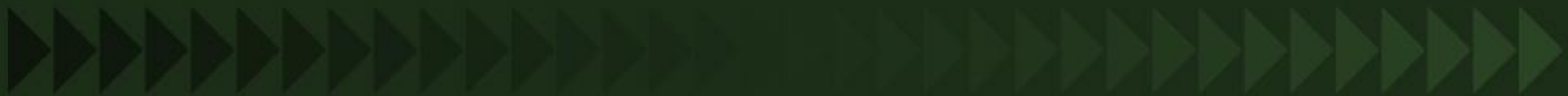




*In this changing new economy, we're in a fight for our children's future.*

*In this fight, there will be some states that lose and some that win.*

*For Maryland to win, we must move forward by creating and saving jobs through innovation, while improving public safety, public education, and our quality of life.*





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Children and Health

# MARYLAND'S INNOVATION ECONOMY